



About us

The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

Introduction

In our wealthy nation, it is unjust that so many people do not have adequate incomes for a dignified life, with 21% of people in Scotland live in poverty. [1] Poverty causes severe harm to people's daily lives, damaging their health and employment prospects, risking financial and personal wellbeing, and infringing basic rights to things like food and housing.

We all rely on our public services, but they are a vital lifeline for people living on low-incomes. Good quality public services can reduce the cost of living, while also enabling people to participate in society and fulfil their potential. **Investment in - and reform to - our public services is therefore imperative to our ambitions to end the injustice of poverty in Scotland.**

This is recognised in Scottish public attitude. The latest release in the Understanding Scotland series - a quarterly survey tool which measures the most important parts of our lives and decision-making in Scotland - saw 32% of respondents highlighting spending on public services as being among their top three economic priorities. [2] There has been little movement in this priority since the last release suggesting that concern over public service spending is well established amongst Scots.

Investment in our critical services also makes economic sense; there is a public cost to

[1] Scottish Government (2024) *Poverty and Income Inequality in Scotland 2020-23*. Available at: <https://data.gov.scot/poverty/#Children>

[2] Understanding Scotland (2024) *A Survey for Scotland – Economy*. Available at: <https://understanding-scotland.co.uk/wp-content/uploads/sites/2/2024/05/Understanding-Scotland-Report-Wave-11-270524.pdf>

inaction on poverty. The IPPR make clear that failure to bolster individuals' financial security through adequate social security systems and fair work holds back Scotland's collective prosperity, adding a significant cost to public services while limiting economic contributions. [3] Estimating just some of these costs, they found that:

- £2.3 billion of Scottish health boards' budget is directed to responding to the impacts of poverty;
- A quarter of a billion pounds may be being spent each year on addressing the consequence of poverty in our schools and working to increase educational attainment – but often coming too late; and
- The lost income due to historic child poverty in Scotland is, at a conservative estimate, between £1.6 and £2.4 billion per year.

Additionally, well managed and designed provision of essential public services often does not add real costs. However, in their role as the wider social safety net, they shift how the cost of basic needs are met. Exemplified by low housing costs through investment in social housing, or enhanced employment opportunities through free and flexible childcare provision, our public services should deliver the opportunities necessary to make progress on eradicating poverty. This will take investment and reform which is informed the people that use those services.

Using our taxation to raise the revenue needed for our public services

Better tax builds better budgets, which builds a better future for all of us. It is necessary that the Scottish Government utilises their powers over taxation to build a fairer Scotland by investing this revenue in public services.

The Scottish Social Attitudes Survey found that there is public support for changes to taxation, with nearly two-thirds of people in Scotland supporting increased taxation for spending on health, education and social security. Similarly, 68% said that income should be redistributed from the better-off to those who are less well-off. [4]

The Scottish Government have taken initial steps which have made our taxation system more progressive, including changes to income tax announced in last year's budget. However, the Scottish Government must explore further opportunities to harness Scotland's wealth to raise the revenue necessary to invest in our public services. We are in agreement with the Poverty and Inequality Commission that the current process of tweaks to existing levers "*is an inadequate response to the scale of the challenges facing public finances.*" [5]

In September 2023, a joint briefing from a range of organisations including the Poverty

[3] IPPR (2023) *Tipping the scales: The social and economic harm of poverty in Scotland*. Available at: <https://www.ippr.org/articles/tipping-the-scales>

[4] Scottish Government (2022) *Scottish Social Attitudes Survey 2021-22*. Available at: <https://www.gov.scot/publications/scottish-social-attitudes-2021-22/pages/5/>

[5] Poverty and Inequality Commission (2023) *How better tax policy can reduce poverty and inequality: Recommendations for an effective and accountable Scotland*. Available at: https://povertyinequality.scot/wp-content/uploads/2023/10/How_better_tax_policy_can_reduce_poverty_and_inequality_October2023.pdf

Alliance, Oxfam Scotland and IPPR Scotland outlined that our critical national priorities - including action to challenge poverty - cannot be sacrificed due to a lack of funds. [6] Over 50 organisations signed up to the briefing, showing that there is widespread support for a new approach to taxation. The policy options put forward in the briefing include:

- Committing to fundamentally reforming the devolved tax system, within this parliament, including a national consultation. This must go beyond tweaks and fundamentally rethink, from scratch, how Income Tax can be best designed alongside all other taxes, including reformed local taxation; and
- Launching a cross-party process to replace current Council Tax before the end of this parliament in 2026, ending the long and damaging impasse. The process of replacement can no longer be delayed and legislation for a new system should be in place before the end of this Parliament.

Modelling by IPPR Scotland concluded that up to £350 million could be raised by replacing the existing Council Tax with a new percentage of value tax set at 0.75% of a home's value. The hybrid model outlined in the paper would enable a gradual move towards revaluation, ending the absurdity that we continue to utilise property valuations from 1991. Only fundamental reform of council tax, a long-term commitment of the Scottish Government, will address the inherent unfairness in the system.

We disagree with the claim that the recent council tax freeze is a cost of living measure for low-income households. This freeze is worth just 53p to low-income households, while also having the longer-term implication of further embedding inequality in Scotland. Freezing council tax will inevitably mean less money for the critical public services that many people living on low incomes rely on.

Taking steps towards a Minimum Income Guarantee

Scotland's public services are also vital for the realisation of the Minimum Income Guarantee (MIG), a policy idea to which the Scottish Government have committed to. A MIG would set a solid income floor below which nobody would be allowed to fall, through action on public services, social security and the labour market.

Throughout 2024, the Poverty Alliance has been engaging with our members and wider civil society to build awareness and support for the implementation of a MIG in Scotland, focusing on the immediate next steps for delivery over the next three years. Through this, we have seen great enthusiasm for the potential of the MIG in alleviating poverty. Session attendees highlighted the vital role of public services like health and social care, transport, housing and childcare in realising the ambition of the policy. Key recommendations from this engagement include:

- Expand the funded childcare entitlement to 50 hours per week, starting with low-income households;
- Expand concessionary travel to those in receipt of low-income benefits; unpaid carers; and those under the age of 25; and

[6] Oxfam Scotland (2023) *The Case for Fair Tax Reform in Scotland*. Available at: https://oxfamapps.org/scotland/wp-content/uploads/2023/09/The-case-for-fair-tax-reform-in-Scotland-Joint-briefing-FINAL_September-2023-1-2.pdf

- Invest in social care to enable disabled people to fully participate in society. There must be policy coherence between the MIG and strong social care services.

In this way, the policy priorities outlined throughout this briefing should be viewed as interim steps towards a MIG. Without these changes to public services, any MIG payment will merely be plugging gaps in provision. With the MIG Expert Group's final report due later this year, it is vital that our political leaders work together to implement recommendations relating to public services.

Creating accessible, affordable and safe public transport systems

Reform to our public transport systems is an integral part of tackling poverty. It is a lever to easing the financial pressures on low-income households by unlocking employment and education opportunities and providing access to other vital services like healthcare. This would ultimately raise household income and protect people from being swept into poverty or pulled in deeper.

It is disappointing then that the recommendations and actions presented in the Scottish Government's newly published Fair Fares review, which should have committed to reform that made transport systems an effective lever in reducing poverty, fall short of the immediate, large-scale reform that is needed to make these systems work for all people.

The Poverty Alliance recently coordinated a Citizen's Panel, with support from the Scottish Government, made up of people living in both rural and urban environments with experience of poverty and using public transport. This process again underscored the need for reform. [7]

Panellists highlighted that cost of public transport remains the key concern for people living on low incomes, where all panel members recalled times where the cost of transport acted as barriers to their ability to participate in society, or to access employment or education:

"It's just over what I make in half an hour - I can't really justify it and I don't really go into city centre as much because the tickets are so expensive."

These issues are amplified in rural Scotland where transport is the most significant additional cost to daily life compared to those who live in urban areas, amounting to an additional £50 per week. [8] This is in part due to the reliance on private cars, particularly for certain groups such as disabled people and single parents, because public transport is unreliable and expensive:

[7] The Poverty Alliance (2024) Participation of people with experience of poverty in the development of Scottish Government Fair Fares Review. Available at: <https://www.povertyalliance.org/people-with-experience-of-poverty-and-the-scottish-government-fair-fares-review/>

[8] Scottish Government (2021) *Poverty in rural Scotland: evidence review*. Available at: <https://www.gov.scot/publications/poverty-rural-scotland-review-evidence/pages/4/>

“I have just under a miles walk to my nearest bus stop. I have never used public transport to get to my work.”

“I was late for a hospital appointment last week because the bus didn't show up.”

Alongside the Citizen's Panel, our 2022 research with the Scottish Women's Budget Group into women's experiences of the cost-of-living crisis in Scotland [9] highlights the unique way women interact with transport. Women are the majority of public transport users. [10] They are also more likely than their male counterparts to be primary caregivers for children, or to have multiple caring responsibilities which means they tend to make more frequent and complex journeys which drives up cost. The accessibility of public transport is therefore particularly relevant to women's financial security, and their ability to participate in society and the labour market.

We were disappointed that many of the recommendations put forward by the Citizens Panel were omitted in the Fair Fares Review. As such, we will continue to urge the Scottish Government to:

- Expand concessionary travel to under 25s, people in receipt of low-income and disability benefits and unpaid carers;
- Integrate our transport systems and expand concessionary travel to include all modes of transport including rail, ferry and tram; and
- Ensure public transport funding is directed towards networks which are affordable, reliable, safe and meet the needs of local people.

Expansion of affordable and flexible childcare

To support those who look after children into work - particularly women who are more likely to be primary caregivers and account for 91% of single parents [11] - services such as childcare must be accessible.

The Poverty Alliance have welcomed the introduction of the 1140 hours of funded childcare as a positive step in the provision of affordable and flexible childcare. However, while representing a significant increase on the previous offer, 1140 hours still only amounts to the duration of the school day and continues to fall short of full-time working hours. This limits the ability of primary caregivers, typically women, to work full-time. [12] Part-time work is correlated with low-paid employment [13] and the lack of full-time funded childcare options thus traps mothers in in-work poverty.

[9] The Poverty Alliance and Scottish Women's Budget Group (2022) *“It's hard work being poor”: Women's Experiences of the Cost-of-Living Crisis in Scotland*. Available at: https://www.povertyalliance.org/wp-content/uploads/2022/11/SWBG_PA_Cost_of_Living_Report_Final.pdf

[10] Engender (2020) *Response to the Scottish Government's consultation on the National Transport Strategy*. Available at: <https://www.engender.org.uk/content/publications/Engender-response-to-the-Scottish-Government-consultation-on-Scotlands-National-Transport-Strategy.pdf>

[11] Close the Gap (2021) *Briefing for Scottish Government Debate – Early Learning and Childcare*. Available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Early-Learning-and-Childcare.pdf>

[12] Ibid.

[13] Third Force News (2019) *Women benefit from living wage expansion*. Available at: <https://fn.scot/news/women-benefit-from-living-wage-expansion>

Research by the Scottish Government has found that most parents utilising their funded entitlement combine this with paid and/or informal provision, and this mix of providers is vital in enabling parents to secure the days and hours of childcare they require. [14] As a result of the need to top-up funded hours with paid-for provision, childcare costs continue to prevent low-income parents from increasing their working hours and earnings. This is evidenced by a participant in our research with the Scottish Women’s Budget Group, [15] Adabelle, aged 45-54 with three children, stated:

“Even if the Government help me, you have to top up and I’m only doing twenty hours, for three kids, so I just cannot afford it for after school club.”

An extension in the funded entitlement, starting with those on low-incomes, would reduce the costs for households, reducing the amount of money families require to reach an adequate standard of living, while also bringing benefits of enabling parents to enter employment, education or training. The Scottish Government should work towards an expanded funded entitlement of 50 hours a week. To maximise impact on child poverty, we would support any expanded funded entitlement being initially offered to low-income households. While additional commitments relating to childcare were announced in the 2023 Programme for Government, we are disappointed that this is limited to small-scale pilots.

Further to this, the delivery of the funded entitlement at the local level is often insufficiently flexible to meet the needs of families.

Last year, Audit Scotland concluded that budget pressures, alongside risks around workforce and the sustainability of funded providers “risk limiting flexibility and choice for families which are important to achieving the intended policy outcomes”. [16] There is thus a need for greater investment in this policy to ensure that it is meeting the intended aims – including supporting parents into employment. Within this, there must be greater emphasis on ensuring providers have long-term staffing plans which enable greater flexibility in current and future delivery.

Adequately fund the delivery of new social homes

Having a safe home is one of our most basic needs. It acts as an enabler for the realisation of other human rights. However, with the Scottish Government having declared a housing emergency, it is clear that our current housing systems are not working for Scotland’s tenants. This burden is felt most heavily by people living on low incomes, and housing continues to act as a principal barrier to tackling poverty in Scotland.

[14] Scottish Government (2023) Exploring parents’ views and use of Early Learning and Childcare in Scotland. Available at: <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2018/08/exploring-parents-views-use-early-learning-childcare-scotland/documents/00538959-pdf/00538959-pdf/govscot%3Adocument/00538959.pdf>

[15] The Poverty Alliance and Scottish Women’s Budget Group (2022) *“It’s hard work being poor”: Women’s Experiences of the Cost-of-Living Crisis in Scotland*. Available at: https://www.povertyalliance.org/wp-content/uploads/2022/11/SWBG_PA_Cost_of_Living_Report_Final.pdf

[16] Audit Scotland (2023) *Early learning and childcare - Progress on delivery of the 1,140 hours expansion*. Available at: https://www.audit-scotland.gov.uk/uploads/docs/report/2023/nr_230601_early_learning_childcare.pdf

Rising costs combined with a low supply of social housing is pushing people into inadequate homes that they cannot afford. This, in turn, stalls progress in addressing child poverty and improving health, education, and employment outcomes.

If we are to tackle poverty in Scotland, urgent, drastic, and adequately resourced housing reform is vital. We welcome the introduction of the Housing (Scotland) Bill as a mechanism to help deliver this change, particularly in the context of addressing rising rent costs for private tenants and strengthening homelessness prevention measures. However, there is a desperate need for the Bill to be accompanied by the full delivery of the Scottish Government's commitments on social housing, which is a key lever for poverty reduction.

The Scottish Government have committed to build 110,000 affordable homes by 2032, with at least 70% for social rent. [17]

Despite these welcome commitments, research by IPPR Scotland, Joseph Rowntree Foundation, and Save the Children note that current trajectories indicate these goals will be missed. Their data highlights that from 2010 to 2020, the net increase in social housing homes was around 10,000. [18] The Scottish Government must urgently match rhetoric with investment to meet their housing targets to make genuinely affordable housing an accessible option for a larger amount of people.

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[17] Scottish Government (2021) *Housing to 2040*. Available at: <https://www.gov.scot/publications/housing-2040-2/documents>

[18] IPPR Scotland, Save the Children and Joseph Rowntree Foundation (2023) *Tipping the Scales: the social and economic harm of poverty in Scotland*. Available at: <https://www.ippr.org/articles/tipping-the-scales>